Low production of sugar

†831. SHRI RAJ MOHINDER SINGH MAJITHA:

SHRI RAM JETHMALANI:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to slate:

(a) whether it is a fact that the estimation of low production of sugar during the sugar harvesting year of 2008-09 has been made due to reduced sowing area of sugarcane in kharif crops during the year 2008;

(b) if so, the assessment made in this regard and to what extent the production of sugar in the year 2008-09 would be less than the production in 2007-08; and

(c) the additional monetary incentives given by Government to sugarcane producing farmers during the years 2006-07 and 2007-08?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (DR. AKHILESH PRASAD SINGH): (a) and (b) As per first advance estimates of production of oilseeds and other commercial crops for 2008-09 released on 25.09.2008, the area coverage under sugarcane stands at 44.08 lac hectares during 2008-09 as compared to 50.43 lac hectares during 2007-08 *i.e.* the area under sugarcane has declined by 6.35 lac hectares. Sugar production in 2008-09 sugar season (October- September) is preliminarily estimated at 220 lac tons as compared to 264 lac tons provisionally estimated for 2007-08 sugar season, *i.e.* decline of 44 lac tons.

(c) The Central Government has not extended any additional monetary incentives to sugarcane farmers. However, the Central Government has taken a slew of measures to help the sugar industry for liquidating the outstanding cane price arrears payable by the sugar mills to the sugarcane farmers, which, *inter alia*, are as under:

(i) A buffer stock of 50 lac tonnes of sugar was created for a period of one year. Under this buffer subsidy scheme, the Central Government reimburses the interest, insurance and storage charges to sugar factories for the quantity allocated and maintained as buffer. Further, the banks provide additional credit on creation of buffer stock by waiving the margin requirement. The buffer subsidy so disbursed to sugar factories is to be utilized for cane price payment as a first priority and additional credit is to be exclusively used for cane price payment; and

(ii) Export assistance to defray expenditure on internal transport, marketing and handling charges and ocean freight @ Rs.1,350/- per ton for sugar factories in coastal States and Rs. 1,450/- per ton for those in non-coastal States subject to actuals by road/rail for exports to the neighboring countries has been provided from 19.4.2007 upto 30.09.2008. The assistance so provided is also to be utilized for cane price payment as a first priority; and

(iii) A loan scheme of about Rs.3800 crore to extend financial assistance to sugar undertakings has been implemented to provide additional liquidity support to the extent of notional excise duty on production of sugar in 2006-07 and 2007-08 sugar season exclusively earmarked for cane arrears/dues of 2006-07 and 2007-08 sugar season respectively.

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†Original notice of the question was received in Hindi.